



KANSAS

DIVISION OF HEALTH POLICY AND FINANCE

ROBERT M. DAY, DIRECTOR

KATHLEEN SEBELIUS, GOVERNOR

Testimony on:
National Provider Identifier Project Update

presented to:
Joint Committee on Information Technology

by:
Christiane Swartz
Division of Health Policy and Finance

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For additional information contact:

Luke Thompson
Division of Health Policy and Finance

Landon State Office Building
900 S.W. Jackson Street, Suite 900
Topeka, KS 66612
Phone: 785-296-3981
Fax: 785-296-4813

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National Provider Identifier Project Update

Mr. Chairman and members of the committee, I am Christiane Swartz, Administrator, Purchasing and Contract Management for the Division of Health Policy and Finance. I am here today to provide updates on the implementation of the National Provider Identifier project in the Medicaid Management Information System (MMIS). The project will implement federally required changes to the MMIS, and has been approved by the Chief Information Technology Officer (CITO) and by the Centers for Medicare and Medicaid Services (CMS) for enhanced federal funding.

Background:

Part of the national Health Insurance Portability and Accountability Act (HIPAA) of 1996 was the enactment of a National Provider Identifier (NPI). The final rule for the NPI portion of HIPAA was published January 23, 2004.

The NPI is intended to uniquely identify a health care provider in standard transactions, such as health care claims. NPIs may also be used to identify health care providers on prescriptions, in internal files to link proprietary provider identification numbers and other information, in coordination of benefits between health plans, in patient medical record systems, in program integrity files, and in other ways.

HIPAA requires that covered entities (i.e., health plans, health care clearinghouses, and those health care providers who transmit any health information in electronic form in connection with a transaction for which the Secretary of Health and Human Services has adopted a standard) use NPIs in standard transactions by the compliance dates. The compliance date for all covered entities except small health plans is May 23, 2007; the compliance date for small health plans is May 23, 2008. As of the compliance dates, the NPI will be the only health care provider identifier that can be used for identification purposes in standard transactions by covered entities.

Kansas Medicaid is subject to these requirements, and thus must be prepared to accept and use the NPI by the compliance date of May 23, 2007. As the Centers for Medicare and Medicaid Services (CMS) have already begun to issue NPIs (as of May 23, 2005), we also plan to accept and store these identifiers prior to the compliance date should providers begin to place them on electronic claim transactions.

This project modifies the MMIS claims payment system to allow Kansas Medicaid to use the NPI. The MMIS will then correctly identify providers and process their payments accordingly. The project will be implemented in two phases. Phase 1 will implement the capture and storage

of the NPI for later use in Phase 2. Phase 1 will also include design of the changes needed to process claims using the NPI. Phase 2 will implement the end-to-end processing of transactions using the NPI.

Project Update:

EDS has submitted and we have approved eight of the ten Phase 1 deliverables. The two remaining deliverables are the Detailed System Design (DSD) and the Phase 2 Project Plan and Schedule. State staff is heavily involved in design sessions for Phase 2 and have completed review of nine of the twenty-two separate pieces of DSD documentation. EDS has submitted five more sections and we are reviewing those. We continue to anticipate completion of Phase 1 by August 2006.

EDS reports that as of early this month, approximately 1,300 of our 22,000 “NPI eligible” providers, have reported NPIs to us. We estimate we have about 6,000 “atypical” providers who do not provide services that qualify them for an NPI. These are mainly transportation and home care providers.

As of our last quarterly report to the Kansas Information Technology Office (KITO), covering the quarter of January through March 2006, we had spent \$682,532 of our estimated \$2,356,383 Phase 1 budget. This was for about 8,000 hours work done by both EDS and state staff. The total estimated hours we reported for the project in that report were 20,000. During the month of April and May, we have done an additional 5,102 hours of work and spent an additional \$520,729.

We will complete Phase 2 no later than May 23, 2007 in order to meet the federal HIPAA requirement. We estimate that Phase 2 will cost \$4,700,000 in all funds.